



80-1070

(Barry)

HOPE TOWNSHIP

FINANCIAL STATEMENTS

For the year ended March 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name HOPE TOWNSHIP	County BARRY
Audit Date MARCH 31, 2004	Opinion Date MAY 26, 2004	Date Accountant Report Submitted to State: JULY 13, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) WALKER, FLUKE & SHELTON, PLLC			
Street Address 525 W APPLE ST	City HASTINGS	State MI	ZIP 49058
Accountant Signature Walker, Fluke & Sheldon, PLLC Katherine K. Sheldon, CPA			

TABLE OF CONTENTS

Independent Auditors' Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds	4 - 5
Combined Statement of Revenues, Expenses and Changes in Fund Balance - Trust Funds	6
Notes to Financial Statements	7 - 16
Supplemental Data:	
Combining Balance Sheet - Special Revenue Funds	17
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds	18 - 19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20 - 24
Statement of Changes in Assets and Liabilities - All Trust and Agency Funds	25



WALKER, FLUKE & SHELDON, PLC
CERTIFIED PUBLIC ACCOUNTANTS

Christopher J. Fluke, CPA
Katherine K. Sheldon, CPA

525 W. Apple Street
Hastings, MI 49058
www.walkerflukeandsheldon.com

Phone (269) 945-9452
Fax (269) 945-4890
E-mail: walkerfluke@voyager.net

INDEPENDENT AUDITORS' REPORT

To the Township Board
Hope Township
Barry County, Michigan

We have audited the accompanying general purpose financial statements of Hope Township, Barry County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Hope Township, Barry County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Hope Township, Barry County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents as supplemental data are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Hope Township, Barry County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Hastings, Michigan
May 26, 2004

Walker, Fluke & Sheldon, PLC

**HOPE TOWNSHIP
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004**

ASSETS	GOVERNMENTAL FUND TYPES				FUND TYPES FIDUCIARY FUND TYPES			ACCOUNT GROUPS			TOTAL (MEMORANDUM ONLY)
	General	Special Revenue	Debt Service	Capital Projects	Pension Trust	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government		
Cash and Cash Equivalents	\$ 68,200	\$ 369,044	\$ 44,749	\$ 61,986	\$ -	\$ 21	\$ -	\$ -	\$ -	\$ 544,000	
Investments	25,000	440,649	-	136,381	86,458	-	-	-	-	688,488	
Receivables											
Taxes	7,784	15,884	-	-	-	-	-	-	-	23,668	
Land Contract	7,066	-	-	-	-	-	-	-	-	7,066	
Interest	-	1,819	20,442	673	-	-	-	-	-	22,934	
Special Assessments	300	-	499,030	-	-	-	-	-	-	499,330	
Due From State of Michigan	30,800	-	-	-	-	-	-	-	-	30,800	
Due From Other Funds	6,261	-	-	-	-	-	-	-	-	6,261	
Fixed Assets	-	-	-	-	-	-	477,893	-	-	477,893	
Amount to be Provided for Retirement Of General Long-Term Debt	-	-	-	-	-	-	-	104,230	-	104,230	
Total Assets	\$ 145,411	\$ 827,396	\$ 564,221	\$ 199,040	\$ 86,458	\$ 21	\$ 477,893	\$ 104,230	\$ 2,404,670		
LIABILITIES AND FUND EQUITY											
Liabilities											
Deferred Revenue	\$ -	\$ -	\$ 505,216	\$ -	\$ -	-	\$ -	-	\$ -	\$ 505,216	
Due to Other Funds	-	-	6,240	-	-	21	-	-	-	6,261	
Bonds Payable	-	-	-	-	-	-	-	104,230	-	104,230	
Total Liabilities	-	-	511,456	-	-	21	-	104,230	-	615,707	
Fund Equity											
Investment in Fixed Assets	-	-	-	-	-	-	477,893	-	-	477,893	
Fund Balances											
Reserved-Designated	-	-	52,765	199,040	-	-	-	-	-	251,805	
Unreserved-Undesignated	145,411	827,396	-	-	86,458	-	-	-	-	1,059,265	
Total Fund Equity	145,411	827,396	52,765	199,040	86,458	-	477,893	-	-	1,788,963	
Total Liabilities and Fund Equity	\$ 145,411	\$ 827,396	\$ 564,221	\$ 199,040	\$ 86,458	\$ 21	\$ 477,893	\$ 104,230	\$ 2,404,670		

The Notes to Financial Statements are an integral part of this statement.

HOPE TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
For the Year Ended March 31, 2004

	GOVERNMENTAL FUND TYPES				TOTAL (MEMORANDUM ONLY)
	General	Special Revenue	Debt Service	Capital Projects	Primary Government
Revenues					
Taxes and Penalties	\$ 73,286	\$ 149,278	\$ -	\$ -	\$ 222,564
Licenses and Permits	3,904	-	-	-	3,904
State Grants	242,361	-	-	-	242,361
Charges for Services	1,219	38,153	-	-	39,372
Interest and Rentals	4,207	13,123	38,732	2,855	58,917
Other Revenue	16,594	11,995	146,121	-	174,710
Total Revenues	341,571	212,549	184,853	2,855	741,828
Expenditures					
Current					
Legislative	23,949	-	-	-	23,949
General Government	169,395	32,624	-	-	202,019
Public Safety	18,893	51,842	-	-	70,735
Public Works	10,108	103,711	-	-	113,819
Recreation and Cultural	29,062	-	-	-	29,062
Other	10,753	-	169,045	-	179,798
Capital Outlay	-	15,805	-	-	15,805
Debt Service-Principal	-	-	47,000	-	47,000
Debt Service-Interest	-	-	9,127	-	9,127
Total Expenditures	262,160	203,982	225,172	-	691,314
Excess of Revenues Over (Under) Expenditures	79,411	8,567	(40,319)	2,855	50,514
Other Financing Sources (Uses)					
Operating Transfers In	-	-	2,408	55,000	57,408
Operating Transfers Out	(57,408)	-	-	-	(57,408)
Total Other Financing Sources (Uses)	(57,408)	-	2,408	55,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	22,003	8,567	(37,911)	57,855	50,514
Fund Balance-April 1, 2003	123,408	818,829	90,676	141,185	1,174,098
Fund Balance-March 31, 2004	\$ 145,411	\$ 827,396	\$ 52,765	\$ 199,040	\$ 1,224,612

The Notes to Financial Statements are an integral part of this statement.

HOPE TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND, SPECIAL REVENUE FUNDS,
DEBT SERVICE FUNDS AND CAPITAL PROJECTS FUNDS
For the Year Ended March 31, 2004

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes and Penalties	\$ 71,000	\$ 73,286	\$ 2,286	\$ 141,204	\$ 149,278	\$ 8,074
Licenses and Permits	3,650	3,904	254	-	-	-
State Grants	245,900	242,361	(3,539)	-	-	-
Charges for Services	1,720	1,219	(501)	31,500	38,153	6,653
Interest and Rentals	4,100	4,207	107	4,600	13,123	8,523
Other Revenue	37,500	16,594	(20,906)	20,000	11,995	(8,005)
Total Revenues	<u>363,870</u>	<u>341,571</u>	<u>(22,299)</u>	<u>197,304</u>	<u>212,549</u>	<u>15,245</u>
Expenditures						
Current						
Legislative	37,460	23,949	13,511	-	-	-
General Government	211,752	169,395	42,357	35,367	32,624	2,743
Public Safety	37,850	18,893	18,957	59,491	51,842	7,649
Public Works	46,040	10,108	35,932	111,000	103,711	7,289
Recreation and Cultural	30,580	29,062	1,518	-	-	-
Other	11,000	10,753	247	-	-	-
Capital Outlay	-	-	-	49,000	15,805	33,195
Debt Service-Principal	-	-	-	-	-	-
Debt Service-Interest	-	-	-	-	-	-
Total Expenditures	<u>374,682</u>	<u>262,160</u>	<u>112,522</u>	<u>254,858</u>	<u>203,982</u>	<u>50,876</u>
Excess of Revenues Over Expenditures	<u>(10,812)</u>	<u>79,411</u>	<u>90,223</u>	<u>(57,554)</u>	<u>8,567</u>	<u>66,121</u>
Other Financing Sources (Uses)						
Operating Transfers In	10,000	-	(10,000)	54,953	-	(54,953)
Operating Transfers Out	-	(57,408)	(57,408)	-	-	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>(57,408)</u>	<u>(67,408)</u>	<u>54,953</u>	<u>-</u>	<u>(54,953)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(812)</u>	<u>22,003</u>	<u>22,815</u>	<u>(2,601)</u>	<u>8,567</u>	<u>11,168</u>
Fund Balance-April 1, 2003	<u>123,408</u>	<u>123,408</u>	<u>-</u>	<u>818,829</u>	<u>818,829</u>	<u>-</u>
Fund Balance-March 31, 2004	<u>\$ 122,596</u>	<u>\$ 145,411</u>	<u>\$ 22,815</u>	<u>\$ 816,228</u>	<u>\$ 827,396</u>	<u>\$ 11,168</u>

The Notes to Financial Statements are an integral part of this statement.

HOPE TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND, SPECIAL REVENUE FUNDS,
DEBT SERVICE FUNDS AND CAPITAL PROJECTS FUNDS
For the Year Ended March 31, 2004

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			TOTAL (MEMORANDUM ONLY)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,204	\$ 222,564	\$ 10,360
-	-	-	-	-	-	3,650	3,904	254
-	-	-	-	-	-	245,900	242,361	(3,539)
-	-	-	-	-	-	33,220	39,372	6,152
-	38,732	38,732	-	2,855	2,855	8,700	58,917	50,217
-	146,121	146,121	-	-	-	57,500	174,710	117,210
-	184,853	184,853	-	2,855	2,855	561,174	741,828	180,654
-	-	-	-	-	-	37,460	23,949	13,511
-	-	-	-	-	-	247,119	202,019	45,100
-	-	-	-	-	-	121,341	70,735	50,606
-	-	-	-	-	-	157,040	113,819	43,221
-	-	-	-	-	-	30,580	29,062	1,518
-	169,045	(169,045)	-	-	-	11,000	179,798	(168,798)
-	-	-	10,000	-	10,000	35,000	15,805	19,195
-	47,000	(47,000)	-	-	-	-	47,000	(47,000)
-	9,127	(9,127)	-	-	-	-	9,127	(9,127)
-	225,172	(225,172)	10,000	-	10,000	639,540	691,314	(51,774)
-	(40,319)	(40,319)	(10,000)	2,855	12,855	(78,366)	50,514	128,880
-	2,408	2,408	-	55,000	55,000	64,953	57,408	7,545
-	-	-	-	-	-	-	(57,408)	57,408
-	2,408	2,408	-	55,000	55,000	64,953	-	64,953
-	(37,911)	(37,911)	(10,000)	57,855	67,855	(13,413)	50,514	63,927
90,676	90,676	-	141,185	141,185	-	1,174,098	1,174,098	-
<u>\$ 90,676</u>	<u>\$ 52,765</u>	<u>\$ (37,911)</u>	<u>\$ 131,185</u>	<u>\$ 199,040</u>	<u>\$ 67,855</u>	<u>\$ 1,160,685</u>	<u>\$ 1,224,612</u>	<u>\$ 63,927</u>

The Notes to Financial Statements are an integral part of this statement.

HOPE TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE - TRUST FUNDS
For the Year Ended March 31, 2004

	<u>Pension Trust</u>
Operating Revenues	
Contributions to Pension Plan	\$ 12,348
Investment Income	<u>6,491</u>
Total Operating Revenues	<u>18,839</u>
Operating Expenses	
Withdrawals from the Pension Plan	68,985
Asset Charge	<u>921</u>
Total Operating Expenses	<u>69,906</u>
Excess of Revenues over Expenses	(51,067)
Fund Balance-April 1, 2003	<u>137,525</u>
Fund Balance-March 31, 2004	<u>\$ 86,458</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF TOWNSHIP OPERATIONS

Hope Township is located in Barry County, Michigan. The Township operates under an elected board of five members and provides services to residents in many areas including fire protection and general government services. Education services are provided to citizens through several local school districts which are separate governmental entities.

REPORTING ENTITY

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present Hope Township and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

JOINT VENTURES

Fire Department

The Township, together with the Townships of Barry and Prairieville has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the BPH Joint Fire Department. The organizational agreement provides that financing of the Department's activities will be as follows:

Each Township shall contribute one-third the cost of maintaining and operating the BPH Joint Fire Department with the exception for new vehicles and large equipment, which will be covered 30% by Barry Township, 25% by Prairieville Township and 45% by Hope Township. Half of the operating budget is due in April to cover insurance and the balance is billed quarterly.

Real property and equipment acquired by the BPH Joint Fire Department shall be held by the member Townships as tenants in common and each shall hold a one-third interest. Hope Township's share of the BPH Joint Fire Department is reported in the General Fixed Assets Account Group.

Hope Township's share of the cost of fire protection for the year ended March 31, 2004 was \$26,169.

The following information summarizes the activity of the joint venture through March 31, 2003, the most recent audited financial statements available.

Total Assets	\$ 573,316	Total Revenues	\$ 73,050
Total Liabilities	\$ -	Total Expenditures	\$ 69,298
Total Equity	\$ 573,316	Increase (Decrease) in Fund Balance	\$ 3,752
Total Joint Venture Outstanding Debt	\$ -		

Complete financial statements for BPH Joint Fire Department can be obtained from:

Judith Wooer, Treasurer
155 E Orchard St.
Delton, MI 49046

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Hope Township, in conjunction with three other local units of government, has entered into an agreement, which created the Southwest Barry County Intermunicipality Committee. The purpose of the authority is to provide necessary cooperative planning of infrastructure to serve the needs of the citizens of the participating municipalities in accordance with the Authorization under the Urban Cooperation Act of 1967. The incorporating municipalities are: Barry Township, Hope Township, Prairieville Township and the Delton Kellogg School District. The board is comprised of eight members, consisting of two elected officials from each township and two representatives from the Delton Kellogg School District. During the current fiscal year \$0 has been remitted by Hope Township to the Committee.

BASIS OF PRESENTATION

The accounts of the Township are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of Hope Township are recorded in separate funds and account groups, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, state and federal aid, and charges for services to provide for the administration and operation of the general Hope Township governmental departments, boards and commissions. The fund includes the general operating expenditures of the local unit.

Special Revenue Funds

These funds are used to account for specific revenue (other than special assessments, expendable trusts, or major capital projects) derived from state and federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

Debt Service

These funds are used to record revenues which are restricted for the payment of principal and interest on debt recorded in the general long-term debt account group.

Capital Projects

These funds are used to account for the acquisition or construction of major facilities other than those financed by proprietary fund operations.

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

Trust and Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust Funds; (c) Pension Trust Funds; and (d) Agency Funds.

Pension Trust

The pension trust fund accounts for the Township's single-employer public employee retirement plan.

ACCOUNT GROUPS

General Fixed Assets Account Group

This Account Group presents the fixed assets of the local unit utilized in its general operations (non-proprietary fixed assets). Fixed assets used in the general operations of Hope Township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized.

General Long-Term Debt Account Group

This Account Group presents the balance of general obligation long-term debt, which is not recorded in proprietary or trust funds.

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures (expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting policies of Hope Township conform to generally accepted accounting principles as applicable to governmental units.

Governmental Funds

The Governmental Fund Types (General, Special Revenue, Debt Service and Capital Projects funds) use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due, and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

Fiduciary Funds

The Fiduciary Funds are maintained on a cash basis, which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Other Financing Sources (Uses)

The transfers of cash between the various funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

PROPERTY AND EQUIPMENT

Property and equipment used in governmental fund type operations is accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on such property and equipment. All property and equipment is valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property and equipment is valued at its estimated fair market value on the date donated.

BUDGETS, BUDGETARY ACCOUNTING AND BUDGET BASIS OF ACCOUNTING

Budgets are adopted for all governmental fund types, as required by law. Budgets are adopted at the activity level. The combined statement of revenues, expenditures, and changes in the fund balance - all governmental funds present comparisons at the functional level. The Township uses the same basis of accounting for budgeting purposes as for financial statement presentation. The budget figures used are not the original amounts adopted at the beginning of the year. The budget has been amended by the Township Board at regularly scheduled meetings in accordance with the requirements of P.A. 621 of 1978.

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by Hope Township.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECEIVABLES - TAXES

The Township's property taxes are levied and become a lien on each December 1 based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28. After that date, they are added to the county delinquent tax rolls. The Township uses a period of greater than sixty days to measure availability for property taxes receivable. The Township receives its settlement of delinquent property taxes from Barry County a few days after the sixty day period and chooses to recognize the revenue as current year property tax revenue.

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECEIVABLES-TAXES (Continued)

The 2003 state taxable valuation of the Township totaled \$78,927,378, on which ad valorem taxes levied consisted of .9271 mills for Township operating purposes, .7094 mills for the Township's fire services, .2365 mills for the Township's Cemetery and .9459 mills for the Township's roads, raising \$73,155 for operating purposes, \$55,977 for fire services, \$18,662 for cemetery and \$74,639 for roads.

The delinquent real property taxes of the Township are purchased by Barry County. The county intends to sell tax notes, the proceeds of which will be used to pay the Township for these property taxes.

The amount recognized in the financial statements as current property tax revenue represents the 2003 taxes levied for the year.

RECEIVABLES - SPECIAL ASSESSMENTS-DEBT SERVICE

Special assessment revenue is recorded as deferred when initially assessed. Special assessment revenue is recognized as revenue when both measurable and available. Any portion of the special assessments that does not meet both criteria is reported as deferred revenue. The special assessment receivable on the Combined Balance Sheet-All Fund Type and Account Groups represents the portion of the special assessment that has not been collected as of March 31 that will be spread on future tax rolls.

TOTAL COLUMN ON COMBINED STATEMENTS-OVERVIEW

The total column on the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

COMBINING FINANCIAL STATEMENTS

Combining financial statements are not presented for the general fund because it is the only fund of its type.

BALANCE SHEET-CASH AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated four banks and two savings banks for the deposit of Hope Township funds.

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

BALANCE SHEET-CASH AND INVESTMENTS (Continued)

The Township retirement system's investments are held in trust by the investment fiduciary, Manufacturers Life Financial. Michigan Compiled Laws, Section 38.1132, authorizes the Township retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system.

The Township's deposits and investments are in accordance with statutory authority.

The Combined Balance Sheet caption cash and cash equivalents includes \$200 of petty cash.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township cash deposits are as follows:

<u>DEPOSIT</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Insured (FDIC)	\$ 690,570	\$ 684,657
Uninsured	<u>455,260</u>	<u>483,061</u>
Total Deposits	\$ <u>1,145,830</u>	\$ <u>1,167,718</u>
Cash and Cash Equivalents	\$ 543,800	\$ 565,688
Investments in Certificates of Deposit with a Maturity Greater Than Three Months	<u>602,030</u>	<u>602,030</u>
Total Deposits	\$ <u>1,145,830</u>	\$ <u>1,167,718</u>

The nature of the investments does not allow for risk categorization, which is in accordance with GASB Statement No. 3.

	<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
<u>Pension Trust</u>		
Guaranteed Account	\$ <u>86,458</u>	\$ <u>86,458</u>

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS (Continued)

<u>FUND</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	<u>VARIANCE</u>
General Fund			
Operating Transfer Out	\$ -	\$ 57,408	\$ 57,408

INTERFUND RECEIVABLES AND PAYABLES

The amounts of the interfund receivables and payables are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>FUND</u>	<u>INTERFUND PAYABLES</u>
General	\$ 6,261	Debt Service Tax Fund	\$ 6,240 21
	<u>\$ 6,261</u>		<u>\$ 6,261</u>

FIXED ASSETS

A summary of the changes in the general fixed asset account group is as follows:

	<u>BALANCE 03/31/2003</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE 03/31/2004</u>
Land	\$ 49,451	\$ -	\$ -	\$ 49,451
Buildings	140,801	-	-	140,801
Equipment	52,371	15,805	13,944	54,232
Office Equipment	54,737	-	-	54,737
Investment in Joint Venture	<u>171,691</u>	<u>6,981</u>	<u>-</u>	<u>178,672</u>
Total	<u>\$ 469,051</u>	<u>\$ 22,786</u>	<u>\$ 13,944</u>	<u>\$ 477,893</u>

GENERAL LONG-TERM DEBT

The following is a summary of changes in general long-term debt and other debt obligation transactions of Hope Township for the year ended March 31, 2004:

	<u>03/31/2003</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>03/31/2004</u>
Special Assessment Bonds	<u>\$ 151,230</u>	<u>\$ -</u>	<u>\$ 47,000</u>	<u>\$ 104,230</u>

Total interest expense for the Township for the year amounted to \$9,127.

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

GENERAL LONG-TERM DEBT (Continued)

Steven's Wooded Acres Special Assessment Bonds-Dated April 1, 1993, Amount Issued \$230,000.

<u>FISCAL YEAR ENDING MARCH 31</u>	<u>RATE</u>	<u>INTEREST OCTOBER 1</u>	<u>INTEREST APRIL 1</u>	<u>PRINCIPAL APRIL 1</u>	<u>TOTAL</u>
2005	7.35	\$ 1,300	\$ 1,300	\$ 10,000	\$ 12,600
2006	7.40	933	933	5,000	6,866
2007	7.45	747	747	10,000	11,494
2008	7.50	375	375	10,000	10,750
		<u>\$ 3,355</u>	<u>\$ 3,355</u>	<u>\$ 35,000</u>	<u>\$ 41,710</u>

Lakeside Drive Specialty Assessment Bonds-Dated April 16, 1996, Amount Issued \$59,000.

<u>FISCAL YEAR ENDING MARCH 31</u>	<u>RATE</u>	<u>INTEREST SEPTEMBER 1</u>	<u>INTEREST MARCH 1</u>	<u>PRINCIPAL MARCH 1</u>	<u>TOTAL</u>
2005	5.40	\$ 118	\$ 118	\$ 5,000	\$ 5,236
		<u>\$ 118</u>	<u>\$ 118</u>	<u>\$ 5,000</u>	<u>\$ 5,236</u>

Oakwood Drive Special Assessment Bonds-Dated June 2, 1997, Amount Issued \$50,000.

<u>FISCAL YEAR ENDING MARCH 31</u>	<u>RATE</u>	<u>INTEREST OCTOBER 1</u>	<u>INTEREST APRIL 1</u>	<u>PRINCIPAL APRIL 1</u>	<u>TOTAL</u>
2005	5.85	\$ 39	\$ 39	\$ 1,841	\$ 1,919
		<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ 1,841</u>	<u>\$ 1,919</u>

Walters Drive Special Assessment Bonds-Dated April 29, 1998, Amount Issued \$74,000.

<u>FISCAL YEAR ENDING MARCH 31</u>	<u>RATE</u>	<u>INTEREST OCTOBER 1</u>	<u>INTEREST APRIL 1</u>	<u>PRINCIPAL APRIL 1</u>	<u>TOTAL</u>
2005	5.24	\$ 240	\$ 240	\$ 8,000	\$ 8,480
2006	5.24	31	31	1,177	1,239
		<u>\$ 271</u>	<u>\$ 271</u>	<u>\$ 9,177</u>	<u>\$ 9,719</u>

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

GENERAL LONG-TERM DEBT (Continued)

S. Shore Drive Special Assessment Bonds-Dated June 24, 1999, Amount Issued \$39,000.

FISCAL YEAR ENDING MARCH 31	RATE	INTEREST OCTOBER 1	INTEREST APRIL 1	PRINCIPAL APRIL 1	TOTAL
2005	5.15	\$ 229	\$ 229	\$ 4,000	\$ 4,458
2006	5.15	126	126	4,000	4,252
2007	5.15	23	23	904	950
		<u>\$ 378</u>	<u>\$ 378</u>	<u>\$ 8,904</u>	<u>\$ 9,660</u>

Dogwood Drive # 2 Special Assessment Bonds-Dated October 15, 1999, Amount Issued \$31,000.

FISCAL YEAR ENDING MARCH 31	RATE	INTEREST OCTOBER 1	INTEREST APRIL 1	PRINCIPAL APRIL 1	TOTAL
2005	5.20	\$ 172	\$ 172	\$ 3,000	\$ 3,344
2006	5.20	68	68	2,608	2,744
		<u>\$ 240</u>	<u>\$ 240</u>	<u>\$ 5,608</u>	<u>\$ 6,088</u>

Keller Road Special Assessment Bonds-Dated July 25, 2000, Amount Issued \$79,000.

FISCAL YEAR ENDING MARCH 31	RATE	INTEREST OCTOBER 1	INTEREST APRIL 1	PRINCIPAL APRIL 1	TOTAL
2005	5.70	\$ 1,103	\$ 1,103	\$ 8,000	\$ 10,206
2006	5.70	875	875	8,000	9,750
2007	5.70	647	647	8,000	9,294
2008	5.70	419	419	8,000	8,838
2009	5.70	191	191	6,700	7,082
		<u>\$ 3,235</u>	<u>\$ 3,235</u>	<u>\$ 38,700</u>	<u>\$ 45,170</u>

The annual principle and interest requirements through maturity for all outstanding debt, as of March 31, 2003, are as follows:

04/01/2004 - 03/31/2005	\$ 46,243
04/01/2005 - 03/31/2006	24,851
04/01/2006 - 03/31/2007	21,738
04/01/2007 - 03/31/2008	19,588
04/01/2008 - 03/31/2009	7,082
After five years	-
	<u>\$ 119,502</u>

**HOPE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

EMPLOYEES' RETIREMENT SYSTEM - DEFINED CONTRIBUTION PLAN

The Township contributes to a defined contribution pension plan for its eligible employees. The participants' accounts are held by Manufacturers Life Insurance Company in individual "guaranteed accounts".

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participants' benefits that may be allocated to such participant's account. The pension plan is available to all members of the township board. Contributions by the Township vest immediately. The Township contributes 100% of the premium or charges arising under the pension contract.

During the year, the Township's required and actual contributions amounted to \$13,269, which was 16% of its current-year covered payroll of \$84,372. An asset charge of \$921 was incurred. The total fiscal year payroll was \$143,804.

The pension plan was modified during the year in order to clarify employees eligible for participation. No other changes were made that affected the required contributions to be made by the Township or its employees.

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township manages its risk exposure through a combination of risk management pools.

The Township participates in the Michigan Municipal Liability and Property Pool for property, general liability, and employee bond coverage. The Michigan Municipal Liability and Property Pool was established pursuant to laws of the State of Michigan which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the pool is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Michigan Municipal Liability and Property Pool, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Michigan Municipal Liability and Property Pool. Due to this reinsurance purchase, there is no pooling of risk between members.

The Michigan Municipal Liability and Property Pool chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles) that vary from member to member.

At March 31, 2004, there were no claims that exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

HOPE TOWNSHIP
COMBINING BALANCE SHEET -
SPECIAL REVENUE FUNDS
March 31, 2004

ASSETS	ROAD FUND	FIRE FUND	CEMETERY FUND	BUILDING DEPARTMENT FUND	BUDGET STABILIZATION FUND	TOTAL
Cash and Cash Equivalents	\$ 106,859	\$ 183,977	\$ 47,490	\$ 10,056	\$ 20,662	\$ 369,044
Investments	131,613	178,113	81,139	4,000	45,784	440,649
Receivables						
Taxes	7,942	5,956	1,986	-	-	15,884
Interest	548	648	399	-	224	1,819
Total Assets	<u>\$ 246,962</u>	<u>\$ 368,694</u>	<u>\$ 131,014</u>	<u>\$ 14,056</u>	<u>\$ 66,670</u>	<u>\$ 827,396</u>
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
Fund Equity						
Fund Balances						
Unreserved-Undesignated	246,962	368,694	131,014	14,056	66,670	827,396
Total Fund Equity	<u>246,962</u>	<u>368,694</u>	<u>131,014</u>	<u>14,056</u>	<u>66,670</u>	<u>827,396</u>
Total Liabilities and Fund Equity	<u>\$ 246,962</u>	<u>\$ 368,694</u>	<u>\$ 131,014</u>	<u>\$ 14,056</u>	<u>\$ 66,670</u>	<u>\$ 827,396</u>

HOPE TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
For the Year Ended March 31, 2004

	ROAD FUND	FIRE FUND	CEMETERY FUND	BUILDING DEPARTMENT FUND	BUDGET STABILIZATION FUND	TOTAL
Revenues						
Taxes and Penalties	\$ 74,639	\$ 55,977	\$ 18,662	\$ -	\$ -	\$ 149,278
Charges for Services	-	-	11,488	26,665	-	38,153
Interest and Rentals	3,608	5,726	2,275	267	1,247	13,123
Other Revenue	-	-	11,995	-	-	11,995
Total Revenues	78,247	61,703	44,420	26,932	1,247	212,549
Expenditures						
General Government:						
Salaries	-	-	16,366	-	-	16,366
Social Security	-	-	1,252	-	-	1,252
Supplies	-	-	813	-	-	813
Contracted Services	-	-	7,467	-	-	7,467
Transportation	-	-	1,303	-	-	1,303
Utilities	-	-	341	-	-	341
Maintenance and Repairs	-	-	5,007	-	-	5,007
Miscellaneous	-	-	75	-	-	75
Capital Outlay	-	-	15,805	-	-	15,805
Total General Government	-	-	48,429	-	-	48,429
Public Safety:						
Other Wages	-	-	-	12,847	-	12,847
Social Security	-	-	-	983	-	983
Supplies	-	-	-	775	-	775
Contracted Services	-	26,169	-	10,550	-	36,719
Communication	-	-	-	418	-	418
Memberships and Conferences	-	-	-	100	-	100
Total Public Safety	-	26,169	-	25,673	-	51,842

HOPE TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS (Continued)
For the Year Ended March 31, 2004

<u>Expenditures (Continued)</u>	<u>ROAD FUND</u>	<u>FIRE FUND</u>	<u>CEMETERY FUND</u>	<u>BUILDING DEPARTMENT FUND</u>	<u>BUDGET STABILIZATION FUND</u>	<u>TOTAL</u>
Public Works:						
Contracted Services	103,711	-	-	-	-	103,711
Total Public Works	<u>103,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,711</u>
Total Expenditures	<u>103,711</u>	<u>26,169</u>	<u>48,429</u>	<u>25,673</u>	<u>-</u>	<u>203,982</u>
Excess of Revenues Over (Under) Expenditures	<u>(25,464)</u>	<u>35,534</u>	<u>(4,009)</u>	<u>1,259</u>	<u>1,247</u>	<u>8,567</u>
Fund Balance-April 1, 2003	<u>272,426</u>	<u>333,160</u>	<u>135,023</u>	<u>12,797</u>	<u>65,423</u>	<u>818,829</u>
Fund Balance-March 31, 2004	<u>\$ 246,962</u>	<u>\$ 368,694</u>	<u>\$ 131,014</u>	<u>\$ 14,056</u>	<u>\$ 66,670</u>	<u>\$ 827,396</u>

HOPE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended March 31, 2004

<u>Revenues</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Taxes and Penalties:			
Current Property Taxes		\$ 73,155	
Trailer Park Fees		131	
Total Taxes and Penalties	\$ 71,000	<u>73,286</u>	\$ 2,286
Licenses and Permits:			
Zoning Hearings and Permits		3,904	
Total Licenses and Permits	3,650	<u>3,904</u>	254
State Grants:			
State Revenue Sharing:			
Sales Tax		236,506	
Other		5,855	
Total State Grants	245,900	<u>242,361</u>	(3,539)
Charges for Services	1,720	<u>1,219</u>	(501)
Interest and Rentals:			
Interest		2,694	
Rent		1,513	
Total Interest and Rentals	4,100	<u>4,207</u>	107
Other Revenue:			
Special Assessments		4,400	
Sale of Fixed Assets		11,775	
Miscellaneous		419	
Total Other Revenue	<u>37,500</u>	<u>16,594</u>	<u>(20,906)</u>
Total Revenues	<u>363,870</u>	<u>341,571</u>	<u>(22,299)</u>
 Expenditures			
Legislative:			
Township Board:			
Salaries		12,720	
Social Security		969	
Retirement		1,968	
Fringes		3,209	
Printing and Publishing		212	
Memberships and Conferences		1,743	
Transportation		63	
Community Promotions		2,600	
Miscellaneous		465	
Total Legislative	<u>37,460</u>	<u>23,949</u>	<u>13,511</u>

HOPE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended March 31, 2004

<u>Expenditures (Continued)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
General Government:			
Supervisor:			
Salary		14,210	
Social Security		1,087	
Retirement		4,259	
Memberships and Conferences		435	
Total Supervisor	22,210	<u>19,991</u>	2,219
Elections:			
Supplies		-	
Total Elections	4,200	<u>-</u>	4,200
Assessor:			
Salary		12,952	
Other Wages		11,117	
Social Security		1,841	
Printing and Publishing		153	
Memberships and Conferences		903	
Transportation		250	
Total Assessor	30,152	<u>27,216</u>	2,936
Attorney:			
Contracted Services		9,937	
Total Attorney	14,000	<u>9,937</u>	4,063
Township Clerk:			
Salary		19,960	
Other Wages		7,756	
Social Security		2,120	
Retirement		3,178	
Memberships and Conferences		1,779	
Transportation		37	
Total Township Clerk	34,831	<u>34,830</u>	1
Audit:			
Contracted Services		6,033	
Total Audit	6,929	<u>6,033</u>	896
Board of Review:			
Per Diem and Fees		878	
Social Security		67	
Printing and Publishing		82	
Total Board of Review	2,550	<u>1,027</u>	1,523

HOPE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended March 31, 2004

<u>Expenditures (Continued)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
General Government (Continued)			
Treasurer:			
Salary		24,530	
Other Wages		334	
Social Security		1,907	
Retirement		3,864	
Memberships and Conferences		445	
Transportation		25	
Total Treasurer	34,380	31,105	3,275
Data Processing:			
Supplies		3,362	
Maintenance and Repairs		9,428	
Total Data Processing	28,500	12,790	15,710
Township Hall:			
Salaries		4,978	
Social Security		379	
Supplies		8,678	
Fuel and Gas		1,164	
Telephone		1,732	
Utilities		2,745	
Maintenance and Repairs		6,654	
Transportation		54	
Miscellaneous		82	
Total Township Hall	34,000	26,466	7,534
Total General Government	211,752	169,395	42,357
Public Safety:			
Planning and Zoning:			
Salary		1,680	
Other Wages		2,077	
Social Security		287	
Contracted Services		13,503	
Memberships and Conferences		1,052	
Transportation		210	
Miscellaneous		84	
Total Planning and Zoning	37,850	18,893	18,957
Total Public Safety	37,850	18,893	18,957

HOPE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND (Continued)
For the Year Ended March 31, 2004

<u>Expenditures (Continued)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Public Works:			
Street Lighting:			
Utilities		4,865	
Total Street Lighting	6,000	4,865	1,135
Sanitary Landfill and Recycling:			
Contracted Services		2,543	
Recycling		2,700	
Total Sanitary Landfill	9,000	5,243	3,757
Special Assessment			
Public Works Special Assessment	31,040	-	31,040
Total Special Assessment			
Total Public Works	46,040	10,108	35,932
Recreation and Cultural:			
Parks:			
Salaries		979	
Social Security		75	
Maintenance and Repairs		1,856	
Total Parks	4,120	2,910	1,210
YMCA:			
Contracted Services		1,000	
Total YMCA	1,000	1,000	-
Bernard Museum:			
Contracted Services		1,000	
Total Bernard Museum	1,000	1,000	-
Library:			
Salaries		420	
Social Security		32	
Contracted Services		23,700	
Total Library	24,460	24,152	308
Total Recreation and Cultural	30,580	29,062	1,518

HOPE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended March 31, 2004

<u>Expenditures (Continued)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Other:			
Insurance and Bonds		10,753	
Total Other	<u>11,000</u>	<u>10,753</u>	<u>247</u>
Total Expenditures	<u>374,682</u>	<u>262,160</u>	<u>112,522</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,812)</u>	<u>79,411</u>	<u>90,223</u>
Other Financing Sources (Uses)			
Operating Transfers In	10,000	-	(10,000)
Operating Transfers Out	<u>-</u>	<u>(57,408)</u>	<u>(57,408)</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>(57,408)</u>	<u>(67,408)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(812)	22,003	22,815
Fund Balance-April 1, 2003	<u>123,408</u>	<u>123,408</u>	<u>-</u>
Fund Balance-March 31, 2004	<u>\$ 122,596</u>	<u>\$ 145,411</u>	<u>\$ 22,815</u>

HOPE TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL TRUST AND AGENCY FUNDS
For the Year Ended March 31, 2004

	<u>Balance</u> <u>03/31/2003</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>03/31/2004</u>
CURRENT TAX COLLECTION FUND				
Assets:				
Cash	\$ 5	\$ 2,043,246	\$ 2,043,230	\$ 21
Total Assets	<u>\$ 5</u>	<u>\$ 2,043,246</u>	<u>\$ 2,043,230</u>	<u>\$ 21</u>
Liabilities:				
Due to Other Funds	\$ 5	\$ 267,425	\$ 267,409	\$ 21
Due to Barry County	-	926,940	926,940	-
Due to Schools	-	626,454	626,454	-
Due to Intermediate School Districts	-	141,570	141,570	-
Due to Wall Lake Sewer Authority	-	80,859	80,859	-
Total Liabilities	<u>\$ 5</u>	<u>\$ 2,043,248</u>	<u>\$ 2,043,232</u>	<u>\$ 21</u>
TRUST AND AGENCY FUND				
Assets:				
Cash	\$ 5	\$ 791	\$ 796	\$ -
Total Assets	<u>\$ 5</u>	<u>\$ 791</u>	<u>\$ 796</u>	<u>\$ -</u>
Liabilities:				
Due to Other Funds	\$ 5	\$ 131	\$ 136	\$ -
Due to Barry County	-	660	660	-
Total Liabilities	<u>\$ 5</u>	<u>\$ 791</u>	<u>\$ 796</u>	<u>\$ -</u>
WALL LAKE SEWER AUTHORITY				
Assets:				
Cash	\$ -	\$ 108,685	\$ 108,685	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 108,685</u>	<u>\$ 108,685</u>	<u>\$ -</u>
Liabilities:				
Due to Wall Lake Sewer Authority	\$ -	\$ 108,685	\$ 108,685	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 108,685</u>	<u>\$ 108,685</u>	<u>\$ -</u>
ALL TRUST AND AGENCY FUNDS				
Assets:				
Cash	\$ 10	\$ 2,152,722	\$ 2,152,711	\$ 21
Total Assets	<u>\$ 10</u>	<u>\$ 2,152,722</u>	<u>\$ 2,152,711</u>	<u>\$ 21</u>
Liabilities:				
Due to Other Funds	\$ 10	\$ 267,556	\$ 267,545	\$ 21
Due to Barry County	-	927,600	927,600	-
Due to Schools	-	626,454	626,454	-
Due to Intermediate School Districts	-	141,570	141,570	-
Due to Wall Lake Sewer Authority	-	189,544	189,544	-
Total Liabilities	<u>\$ 10</u>	<u>\$ 2,152,724</u>	<u>\$ 2,152,713</u>	<u>\$ 21</u>



WALKER, FLUKE & SHELDON, PLC
CERTIFIED PUBLIC ACCOUNTANTS

Christopher J. Fluke, CPA
Katherine K. Sheldon, CPA

525 W. Apple Street
Hastings, MI 49058
www.walkerflukeandsheldon.com

Phone (269) 945-9452
Fax (269) 945-4890
E-mail: walkerfluke@voyager.net

May 26, 2004

To the Township Board
Hope Township, Barry County, Michigan
Hastings, MI

We have recently completed an audit of the financial statements of Hope Township for the year ended March 31, 2004. During the course of the audit, the following item came to our attention, which requires further comment.

Budgeting

During the course of the audit, it was noted that the Township did not budget for operating transfers out in the general fund.

P.A. 621, 1978 requires governmental units to prepare annual budgets containing an itemized statement for its proposed expenditures and estimated revenues, covering all its departments and activities, including operating transfers in and transfers out. The Michigan Department of Treasury recommends that local units of government use the activity form of budgeting in accordance with the Uniform Chart of Accounts.

It is recommended that the Township correct the method in which it budgets for operating transfers. The current operating budget for the fiscal year ending March 31, 2005 can be corrected through a budget amendment at any board meeting.

We would like to take this opportunity to thank the Township Clerk and Treasurer for the cooperation and courtesy extended to us during our recent visit. If you have any questions or need assistance, do not hesitate to contact us.

Walker, Fluke & Sheldon, PLC